



# Telecommunications





1. Wind Tre and Fastweb announce a strategic agreement for the deployment of a nationwide state-of-the-art 5G network in Italy.
- 2 & 3. CKH Group Telecom's tower assets in Europe will be held by CK Hutchison Networks.
4. HTHKH wins bids of spectra in the 3.3 and 3.5 GHz bands, and is fully committed to deploying a 5G network and developing more innovative services in Hong Kong.

## Operations Review – Telecommunications

The Group's telecommunications division consists of CK Hutchison Group Telecom ("CKH Group Telecom" or "CKHGT") which consolidates the 3 Group businesses in Europe ("3 Group Europe") and a 66.09% interest in Hutchison Telecommunications Hong Kong Holdings ("HTHKH"), which is listed on the SEHK, as well as Hutchison Asia Telecommunications ("HAT"). 3 Group Europe is a pioneer of mobile data communication technologies and an operator and innovator of converged telecommunication and digital services with businesses in six countries across Europe. HTHKH holds the Group's interests in mobile operations in Hong Kong and Macau. HAT holds the Group's interests in the mobile operations in Indonesia, Vietnam and Sri Lanka.

### CKH Group Telecom

In July 2019, the Group formed CKH Group Telecom, providing a diversified telecommunication asset platform across eight geographical locations. In August 2019, the investment grade-rated CKH Group Telecom refinanced all external debt of Wind Tre of approximately €10 billion, which is expected to generate significant interest cost savings from 2020 onwards. EBITDA and EBIT of CKH Group Telecom of HK\$35,341 million and HK\$21,131 million respectively were 16% and 15% higher than 2018 respectively in reported currency, and were 21% and 19% higher respectively in local currencies, driven by the higher contribution from 3 Group Europe in 2019 and stable performance of HTHKH.

In million	2019 HK\$	2018 HK\$	Change	Local currencies change	2019 <sup>(3)</sup> EURO	2018 <sup>(3)</sup> EURO
<b>Total Revenue</b>	<b>93,517</b>	86,733	+8%	+12%	<b>10,786</b>	10,004
Total Margin	<b>63,844</b>	57,139	+12%	+16%	<b>7,364</b>	6,590
Total CACs	<b>(18,054)</b>	(16,772)	-8%		<b>(2,082)</b>	(1,935)
Less: Handset revenue	<b>14,233</b>	12,949	+10%		<b>1,641</b>	1,494
Total CACs (net of handset revenue)	<b>(3,821)</b>	(3,823)	—		<b>(441)</b>	(441)
Operating Expenses	<b>(24,682)</b>	(22,959)	-8%		<b>(2,847)</b>	(2,648)
<i>Opex as a % of total margin</i>	<b>39%</b>	40%			<b>39%</b>	40%
<b>EBITDA<sup>(2)</sup></b>	<b>35,341</b>	30,357	+16%	+21%	<b>4,076</b>	3,501
<i>EBITDA Margin %<sup>(1)</sup></i>	<b>45%</b>	41%			<b>45%</b>	41%
Depreciation & Amortisation	<b>(14,210)</b>	(11,948)	-19%		<b>(1,639)</b>	(1,378)
<b>EBIT<sup>(2)</sup></b>	<b>21,131</b>	18,409	+15%	+19%	<b>2,437</b>	2,123

Note 1: EBITDA margin % represents EBITDA as a percentage of total revenue (excluding handset revenue).

Note 2: Under Post-IFRS 16 basis, EBITDA was HK\$42,417 million; EBIT was HK\$21,987 million.

Note 3: The translation of HK\$ into Euro is for illustrative purpose only and was made at the rate of HK\$8.67 to €1.

### 3 Group Europe

In million	2019 HK\$	2018 HK\$	Change	Local currencies change
<b>Total Revenue</b>	<b>87,516</b>	78,411	+12%	+17%
Total Margin	<b>60,229</b>	53,461	+13%	+18%
Total CACs	<b>(17,257)</b>	(15,813)	-9%	
Less: Handset revenue	<b>13,761</b>	12,282	+12%	
Total CACs (net of handset revenue)	<b>(3,496)</b>	(3,531)	+1%	
Operating Expenses	<b>(23,222)</b>	(21,169)	-10%	
Opex as a % of total margin	<b>39%</b>	40%		
<b>EBITDA <sup>(5)</sup></b>	<b>33,511</b>	28,761	+17%	+21%
EBITDA Margin % <sup>(4)</sup>	<b>45%</b>	43%		
Depreciation & Amortisation	<b>(13,399)</b>	(11,098)	-21%	
<b>EBIT <sup>(5)</sup></b>	<b>20,112</b>	17,663	+14%	+18%

Note 4: EBITDA margin % represents EBITDA as a percentage of total revenue (excluding handset revenue).

Note 5: Under Post-IFRS 16 basis, EBITDA was HK\$40,126 million; EBIT was HK\$20,952 million.

Total revenue and total margin in local currencies for 3 Group Europe increased by 17% and 18% respectively compared to last year, primarily reflecting the full year impact of the additional 50% share in Wind Tre which reported solid results in the second half of 2019. Wind Tre completed its network consolidation and modernisation in the second half of 2019, and is already benefiting from higher than planned synergy realisations, churn reduction and stabilising ARPU. Active customer base as at 31 December 2019 of 40.6 million is 5% lower against 2018 mainly from a lower Wind Tre base impacted by the aggressive competition in Italy, partly offset by net additions in other operations in Europe. Management continues to focus on managing churn and the average monthly customer churn rate of the contract customer base improved from 1.4% in 2018 to 1.3% for the year.

3 Group Europe's net ARPU and net AMPU decreased by 8% and 7% to €12.94 and €11.04 respectively compared to 2018, primarily due to the increased proportion of Wind Tre customers which have a lower net ARPU and net AMPU, as well as keen competition in all markets and certain EU regulatory adverse impacts on intra-EU calls and SMS chargeable rates.

Total data usage increased 35% compared to last year to approximately 4,054 petabytes in 2019. Data usage per active customer was approximately 102.3 gigabytes per user in 2019 compared to 71.9 gigabytes per user in 2018.

Total CACs, net of handset revenue in contract bundled plans, of HK\$3,496 million in 2019 are 1% lower than 2018 from disciplined cost control in most operations to cope with the keen competition, while operating expenses increased 10% to HK\$23,222 million primarily due to the additional 50% share in Wind Tre.

The EBITDA and EBIT growth primarily reflects the full year impact of the additional 50% share of Wind Tre, as well as disciplined spending on customer acquisition costs. 3 Group Europe continued to report a healthy EBITDA margin of 45%, a 2%-point growth compared to 2018. Higher depreciation and amortisation against last year is driven by the enlarged asset base, resulting in lower EBIT growth year on year.

Except for Sweden and Denmark, all the 3 Group Europe operations have sufficient 5G spectrum, with the operation in the UK progressively rolling out 5G in London and 65 other locations starting from 2019, and the operations in Austria and Ireland launching 5G / fixed wireless access offers in 2019 and 2020 respectively.

The structural separation to form a new telecommunication infrastructure company, CK Hutchison Networks, which will group the 28,500 tower asset interests <sup>(6)</sup> into a separately managed wholly-owned subsidiary of CKH Group Telecom is progressing well and expected to be completed by mid-2020. CK Hutchison Networks will start with an expected tenancy ratio of 1.2x across the six European markets with a projected EBITDA of approximately €300 million on a full year extrapolated basis.

Note 6: CK Hutchison Networks site count includes European sites only (includes shared sites of joint venture interests in the UK and Sweden), with an option to include a further 9,300 sites in Asia.



## Operations Review – Telecommunications

### CKHGT - Results by operations

In million	UK GBP		Italy <sup>(7)</sup> EURO			Sweden SEK		Denmark DKK	
	2019	2018	2019 Wind Tre (100%)	2018 Wind Tre (100%)	2018 Wind Tre (50%/100%)	2019	2018	2019	2018
<b>Total Revenue</b>	<b>2,384</b>	2,439	<b>4,854</b>	4,926	3,271	<b>6,757</b>	7,113	<b>2,182</b>	2,186
<i>% change</i>	<b>-2%</b>		<b>-1%</b>			<b>-5%</b>		<b>-</b>	
<b>Total margin</b>	<b>1,441</b>	1,491	<b>3,548</b>	3,654	2,416	<b>3,909</b>	4,091	<b>1,720</b>	1,700
<i>% change</i>	<b>-3%</b>		<b>-3%</b>			<b>-4%</b>		<b>+1%</b>	
TOTAL CACS	(882)	(840)	(464)	(341)	(227)	(2,563)	(2,745)	(244)	(285)
Less: Handset Revenue	680	675	382	195	137	2,045	2,198	100	120
Total CACS (net of handset revenue)	(202)	(165)	(82)	(146)	(90)	(518)	(547)	(144)	(165)
Operating Expenses	(526)	(574)	(1,366)	(1,500)	(954)	(1,212)	(1,263)	(732)	(807)
<i>Opex as a % of total margin</i>	<b>37%</b>	38%	<b>39%</b>	41%	39%	<b>31%</b>	31%	<b>43%</b>	47%
<b>EBITDA</b>	<b>713</b>	752	<b>2,100</b>	2,008	1,372	<b>2,179</b>	2,281	<b>844</b>	728
<i>% change</i>	<b>-5%</b>		<b>+5%</b>			<b>-4%</b>		<b>+16%</b>	
<i>EBITDA margin % <sup>(8)</sup></i>	<b>42%</b>	43%	<b>47%</b>	42%	44%	<b>46%</b>	46%	<b>41%</b>	35%
Depreciation & Amortisation	(334)	(311)	(743)	(729)	(472)	(962)	(843)	(373)	(318)
<b>EBIT</b>	<b>379</b>	441	<b>1,357</b>	1,279	900	<b>1,217</b>	1,438	<b>471</b>	410
<i>% change</i>	<b>-14%</b>		<b>+6%</b>			<b>-15%</b>		<b>+15%</b>	
Capex (excluding licence)	(426)	(462)	(1,190)	(968)		(1,170)	(1,254)	(215)	(225)
EBITDA less Capex	287	290	910	1,040		1,009	1,027	629	503
Licence <sup>(9)</sup>	-	(166)	-	(517)		-	-	(485)	-

HK dollar equivalents of EBITDA and EBIT are summarised as follows:

<i>EBITDA-pre IFRS 16 basis (HK\$)</i>	<b>7,164</b>	7,860	<b>18,426</b>	18,575	12,601	<b>1,806</b>	2,066	<b>990</b>	906
<i>EBITDA-post IFRS 16 basis in 2019 (HK\$)</i>	<b>7,984</b>	7,860	<b>22,994</b>	18,575	12,601	<b>2,083</b>	2,066	<b>1,165</b>	906
<i>EBIT-pre IFRS 16 basis (HK\$)</i>	<b>3,815</b>	4,594	<b>11,914</b>	11,812	8,246	<b>1,008</b>	1,305	<b>552</b>	511
<i>EBIT-post IFRS 16 basis in 2019 (HK\$)</i>	<b>3,988</b>	4,594	<b>12,349</b>	11,812	8,246	<b>1,040</b>	1,305	<b>577</b>	511

Note 7: CKHGT and 3 Group Europe 2019 includes 100% share of Wind Tre's results, of which fixed line business revenue was €967 million and EBITDA was €320 million, while 2018 included 50% share of Wind Tre's results from January to August 2018 and 100% share from September to December 2018, of which fixed line business revenue was €675 million and EBITDA was €226 million. For comparability purposes in the Italy section above, 100% Wind Tre results in 2018 have also been presented and the % changes are calculated based on the 100% Wind Tre numbers.

Note 8: EBITDA margin % represents EBITDA as a percentage of total revenue (excluding handset revenue).

	UK		Italy <sup>(11)</sup>		Sweden		Denmark	
	2019	2018	2019	2018	2019	2018	2019	2018
Total registered customer base (million)	13.7	13.2	23.8	27.1	2.1	2.0	1.5	1.4
Total active customer base (million)	10.3	10.0	21.5	24.5	2.0	2.0	1.4	1.3
Contract customers as a % of the total registered customer base	53%	53%	44%	27%	70%	75%	58%	60%
Average monthly churn rate of the total contract registered customer base (%)	1.3%	1.2%	1.5%	2.0%	1.6%	1.8%	1.8%	1.9%
Active contract customers as a % of the total contract registered customer base	98%	98%	93%	92%	100%	100%	100%	100%
Active customers as a % of the total registered customer base	75%	76%	90%	90%	97%	96%	97%	97%
LTE coverage by population (%)	94%	94%	100%	97%	88%	86%	100%	98%
Full year data usage per active customer (Gigabyte)								

Note 11: Italy KBIs were calculated based on 100% of Wind Tre's figures. The contract customer base of Wind and corresponding KBIs have been adjusted in 2019 to conform with the definition of 3, the comparative KBIs have not been restated due to limitations of the data tracking system.



Austria EURO		Ireland EURO		3 Group Europe <sup>(7)</sup> HK\$		HTHKH HK\$		Corporate and Others HK\$		CKHGT <sup>(7)</sup> HK\$		CKHGT <sup>(10)</sup> EURO	
2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
867	881	603	591	87,516	78,411	5,582	7,912	419	410	93,517	86,733	10,786	10,004
-2%		+2%		+12%	+17%	-29%		+2%		+8%	+12%	+8%	
Local currencies growth %													
622	619	454	440	60,229	53,461	3,551	3,654	64	24	63,844	57,139	7,364	6,590
-		+3%		+13%	+18%	-3%		+167%		+12%	+16%	+12%	
Local currencies growth %													
(136)	(141)	(87)	(90)	(17,257)	(15,813)	(797)	(959)	-	-	(18,054)	(16,772)	(2,082)	(1,935)
121	125	82	77	13,761	12,282	472	667	-	-	14,233	12,949	1,641	1,494
(15)	(16)	(5)	(13)	(3,496)	(3,531)	(325)	(292)	-	-	(3,821)	(3,823)	(441)	(441)
(234)	(228)	(238)	(227)	(23,222)	(21,169)	(1,837)	(1,991)	377	201	(24,682)	(22,959)	(2,847)	(2,648)
38%	37%	52%	52%	39%	40%	52%	54%	N/A	N/A	39%	40%	39%	40%
373	375	211	200	33,511	28,761	1,389	1,371	441	225	35,341	30,357	4,076	3,501
-1%		+6%		+17%	+21%	+1%		+96%		+16%	+21%	+16%	
Local currencies growth %													
50%	50%	40%	39%	45%	43%	27%	19%	105%	55%	45%	41%	45%	41%
(140)	(146)	(122)	(105)	(13,399)	(11,098)	(808)	(818)	(3)	(32)	(14,210)	(11,948)	(1,639)	(1,378)
233	229	89	95	20,112	17,663	581	553	438	193	21,131	18,409	2,437	2,123
+2%		-6%		+14%	+18%	+5%		+127%		+15%	+19%	+15%	
Local currencies growth %													
(129)	(123)	(133)	(118)	(18,132)		(503)	(513)	(7)	(1)	(18,642)		(2,150)	
244	252	78	82	15,379		886	858	434	224	16,699		1,926	
(52)	-	(1)	(1)	(1,026)		(203)	-	-	-	(1,229)		(142)	
3,268	3,475	1,857	1,853	33,511	28,761	1,389	1,371	441	225	35,341	30,357	€4,076	€3,501
3,698	3,475	2,202	1,853	40,126	28,761	1,850	1,371	441	225	42,417	30,357	€4,892	€3,501
2,043	2,125	780	882	20,112	17,663	581	553	438	193	21,131	18,409	€2,437	€2,123
2,123	2,125	875	882	20,952	17,663	597	553	438	193	21,987	18,409	€2,536	€2,123

Note 9: 2019 licence cost for Austria represents investment for 10x10 MHz of 3500 MHz spectrum acquired in March 2019, the licence cost for Denmark represents investment for 2x10 MHz of 700 MHz spectrum and 2x10 MHz of 900MHz spectrum acquired in March 2019, and the licence cost for Hong Kong mainly represents investment for 30 MHz of 3300 MHz spectrum acquired in November 2019. 2018 licence cost for UK represents investment for 4x5 MHz of 3400 MHz spectrum acquired in April 2018 and the licence cost for Wind Tre represents investment for 20 MHz of 3600 - 3800 MHz and 200 MHz of 26.5 - 27.5 GHz spectrums in October 2018.

Note 10: The translation of HK\$ into Euro is for illustrative purpose only and was made at the rate of HK\$8.67 to €1.

Austria		Ireland		3 Group Europe		HTHKH	
2019	2018	2019	2018	2019	2018	2019	2018
3.7	3.7	3.9	3.6	48.7	51.0	4.3	3.5
3.0	2.9	2.4	2.2	40.6	42.9	3.7	3.3
71%	69%	38%	38%	50%	40%	35%	43%
0.2%	0.2%	1.0%	1.1%	1.3%	1.4%	1.2%	1.3%
100%	100%	99%	98%	96%	97%	100%	100%
80%	80%	60%	62%	83%	84%	86%	95%
98%	98% <sup>(12)</sup>	98%	98%	-	-	90%	90%
				102.3	71.9	4.9	3.3

Note 12: 2018 LTE coverage by population for Austria is restated to conform with current year presentation.

## Operations Review – Telecommunications

### Key Business Indicators

	Registered Customer Base								
	Registered Customers at 31 December 2019 ('000)			Registered Customer Growth (%) from 30 June 2019 to 31 December 2019			Registered Customer Growth (%) from 31 December 2018 to 31 December 2019		
	Non-contract	Contract	Total	Non-contract	Contract	Total	Non-contract	Contract	Total
United Kingdom	6,428	7,267	<b>13,695</b>	+3%	+2%	<b>+3%</b>	+3%	+4%	<b>+3%</b>
Italy <sup>(14)</sup>	13,348	10,467	<b>23,815</b>	-10%	-3%	<b>-7%</b>	-33%	+44%	<b>-12%</b>
Sweden	620	1,470	<b>2,090</b>	+8%	—	<b>+2%</b>	+19%	-3%	<b>+3%</b>
Denmark	615	853	<b>1,468</b>	+5%	+1%	<b>+3%</b>	+12%	+4%	<b>+7%</b>
Austria	1,089	2,608	<b>3,697</b>	-2%	+2%	<b>+1%</b>	-3%	+2%	<b>+1%</b>
Ireland	2,431	1,492	<b>3,923</b>	+4%	+5%	<b>+5%</b>	+9%	+11%	<b>+10%</b>
<b>3 Group Europe Total</b>	<b>24,531</b>	<b>24,157</b>	<b>48,688</b>	<b>-5%</b>	<b>—</b>	<b>-2%</b>	<b>-19%</b>	<b>+18%</b>	<b>-4%</b>
HTHKH	2,795	1,475	<b>4,270</b>	+24%	-1%	<b>+14%</b>	+42%	-2%	<b>+23%</b>

	Active <sup>(13)</sup> Customer Base								
	Active Customers at 31 December 2019 ('000)			Active Customer Growth (%) from 30 June 2019 to 31 December 2019			Active Customer Growth (%) from 31 December 2018 to 31 December 2019		
	Non-contract	Contract	Total	Non-contract	Contract	Total	Non-contract	Contract	Total
United Kingdom	3,146	7,153	<b>10,299</b>	-3%	+2%	<b>+1%</b>	+1%	+4%	<b>+3%</b>
Italy <sup>(14)</sup>	11,815	9,711	<b>21,526</b>	-8%	-3%	<b>-6%</b>	-33%	+45%	<b>-12%</b>
Sweden	550	1,470	<b>2,020</b>	+9%	—	<b>+2%</b>	+26%	-3%	<b>+3%</b>
Denmark	570	853	<b>1,423</b>	+5%	+1%	<b>+3%</b>	+12%	+4%	<b>+7%</b>
Austria	356	2,603	<b>2,959</b>	-3%	+2%	<b>+1%</b>	-8%	+2%	<b>+1%</b>
Ireland	870	1,481	<b>2,351</b>	-1%	+6%	<b>+3%</b>	-1%	+12%	<b>+7%</b>
<b>3 Group Europe Total</b>	<b>17,307</b>	<b>23,271</b>	<b>40,578</b>	<b>-6%</b>	<b>—</b>	<b>-3%</b>	<b>-25%</b>	<b>+18%</b>	<b>-5%</b>
HTHKH	2,180	1,475	<b>3,655</b>	+19%	-1%	<b>+10%</b>	+23%	-2%	<b>+12%</b>

Note 13: An active customer is one that generated revenue from an outgoing call, incoming call or data/content service in the preceding three months.

Note 14: Italy's KBIs were calculated based on 100% Wind Tre's figures. In addition to the above, Wind Tre's has 2.7 million fixed line customers. The contract customer base of Wind and corresponding KBIs have been adjusted in 2019 to conform with the definition of 3, the comparative KBIs have not been restated due to limitations of the data tracking system.

**12-month Trailing Average Revenue per Active User <sup>(15)</sup> ("ARPU")  
to 31 December 2019**

	Non-Contract	Contract	Blended Total	% Variance compared to 31 December 2018
United Kingdom	£4.77	£23.73	<b>£17.79</b>	-2%
Italy	€9.90	€11.78	<b>€10.72</b>	-6%
Sweden	SEK117.54	SEK339.52	<b>SEK283.22</b>	-6%
Denmark	DKK88.01	DKK147.95	<b>DKK124.43</b>	-3%
Austria	€10.86	€22.05	<b>€20.62</b>	-2%
Ireland	€15.16	€21.88	<b>€19.28</b>	-4%
<b>3 Group Europe Average <sup>(18)</sup></b>	<b>€9.49</b>	<b>€19.72</b>	<b>€15.19</b>	<b>-8%</b>
HTHKH	HK\$13.66	HK\$205.43	<b>HK\$100.17</b>	-3%

**12-month Trailing Net Average Revenue per Active User <sup>(16)</sup> ("Net ARPU")  
to 31 December 2019**

	Non-Contract	Contract	Blended Total	% Variance compared to 31 December 2018
United Kingdom	£4.77	£16.36	<b>£12.73</b>	-6%
Italy	€9.90	€11.78	<b>€10.72</b>	-6%
Sweden	SEK117.54	SEK213.86	<b>SEK189.43</b>	-7%
Denmark	DKK88.01	DKK137.22	<b>DKK117.91</b>	-2%
Austria	€10.86	€18.14	<b>€17.21</b>	-2%
Ireland	€15.16	€17.35	<b>€16.51</b>	-5%
<b>3 Group Europe Average <sup>(18)</sup></b>	<b>€9.49</b>	<b>€15.67</b>	<b>€12.94</b>	<b>-8%</b>
HTHKH	HK\$13.66	HK\$176.07	<b>HK\$86.93</b>	-1%

**12-month Trailing Net Average Margin per Active User <sup>(17)</sup> ("Net AMPU")  
to 31 December 2019**

	Non-Contract	Contract	Blended Total	% Variance compared to 31 December 2018
United Kingdom	£4.12	£14.17	<b>£11.02</b>	-7%
Italy	€8.13	€10.00	<b>€8.94</b>	-4%
Sweden	SEK93.80	SEK181.86	<b>SEK159.52</b>	-7%
Denmark	DKK74.70	DKK116.20	<b>DKK99.91</b>	—
Austria	€9.51	€16.27	<b>€15.41</b>	—
Ireland	€13.83	€15.24	<b>€14.70</b>	-4%
<b>3 Group Europe Average <sup>(18)</sup></b>	<b>€7.92</b>	<b>€13.53</b>	<b>€11.04</b>	<b>-7%</b>
HTHKH	HK\$10.80	HK\$160.69	<b>HK\$78.42</b>	-1%

Note 15: ARPU equals total monthly revenue, including incoming mobile termination revenue and contributions for a handset/device in contract bundled plans, divided by the average number of active customers during the year.

Note 16: Net ARPU equals total monthly revenue, including incoming mobile termination revenue but excluding contributions for a handset/device in contract bundled plans, divided by the average number of active customers during the year.

Note 17: Net AMPU equals total monthly revenue, including incoming mobile termination revenue but excluding contributions for a handset/device in contract bundled plans, less direct variable costs (including interconnection charges and roaming costs) (i.e. net customer service margin), divided by the average number of active customers during the year.

Note 18: 3 Group Europe ARPU, Net ARPU and Net AMPU in 2019 were calculated based on 100% contribution from Wind Tre, whereas 2018 were calculated based on 50% contribution from Wind Tre from January to August 2018 and 100% contribution from September 2018 onwards.



## Operations Review – Telecommunications

### United Kingdom

EBITDA and EBIT decreased by 5% and 14% in local currency compared to 2018 respectively mainly due to lower margin driven by regulatory changes in the UK and within EU in 2019, increased annual spectrum licence fee imposed by Ofcom, as well as increased network & IT transformation spend, partly offset by improvements in other margins from MVNOs and various initiatives as well as more stringent operating costs control.

### Italy

EBITDA and EBIT in local currency grew by 53% and 51% respectively over 2018, reflecting the full year accretive contribution from the acquisition of the additional 50% share in Wind Tre since September 2018.

On a comparable basis, Wind Tre's EBITDA and EBIT increased 5% and 6% respectively against last year mainly driven by disciplined cost control, further realisation of synergies, and more efficient network through consolidation and modernisation substantially completed in 2019. The decrease in operating expenses more than mitigates the margin shortfall due to intense competition.

### Sweden

Sweden, where the Group has a 60% interest, reported 4% and 15% decrease in EBITDA and EBIT in local currency respectively compared to last year, mainly due to lower total margin as VAT reclaim was not recognised from December 2018 onwards. Underlying EBITDA, without the VAT reclaim benefits would be 6% higher than last year primarily driven by higher customer base and lower operating costs from stringent cost control. Underlying EBIT would be 1% higher than last year primarily due to the higher depreciation and amortisation from an enlarged asset base, particularly the ongoing LTE network rollout since 2018.

### Denmark

The operation in Denmark, where the Group has a 60% interest, reported 16% and 15% growth in EBITDA and EBIT in local currency respectively compared to last year, mainly due to 1% growth in total margin and lower operating costs from good cost controls. The EBITDA growth was partly offset by higher depreciation and amortisation from an enlarged asset base.

### Austria

Austria reported a 1% decrease in EBITDA in local currency compared to 2018, mainly due to higher network and IT costs to cope with network capacity expansion. EBIT in local currency was 2% higher from last year primarily due to lower amortisation from capitalised customer value from Orange acquisition being fully amortised at the end of 2018, partly offset by higher depreciation from an enlarged asset base.

### Ireland

EBITDA in local currency increased by 6% compared to 2018 driven by improved margin of 3% from a higher customer base, as well as stringent control on total CACs, partly offset by higher operating cost due to inclusion of certain provision releases in 2018 which did not recur in 2019. EBIT in local currency decreased by 6% from last year due to higher depreciation and amortisation from an enlarged asset base. 3 Ireland continued to realise synergies during the year and have substantially achieved the operating expense synergy run rate of €103 million targeted at the time of the acquisition of O<sub>2</sub> Ireland in 2014.

### Hutchison Telecommunications Hong Kong Holdings

HTHKH announced its 2019 Post-IFRS 16 profit attributable to shareholders of HK\$429 million. On Pre-IFRS 16 basis, EBITDA was 1% higher as compared to last year mainly due to tight cost controls to improve operational efficiency. In addition to the improved EBITDA performance, lower amortisation of acquisition and retention costs from contract customers resulted in a 5% improvement in EBIT.

## Hutchison Asia Telecommunications

	2019 HK\$ million	2018 HK\$ million	Change	Local currencies change
<b>Total Revenue</b>	<b>8,984</b>	8,220	+9%	+9%
- Indonesia	<b>7,804</b>	7,314	+7%	+6%
- Vietnam	<b>690</b>	561	+23%	+24%
- Sri Lanka	<b>490</b>	345	+42%	+57%
<b>EBITDA<sup>(19)</sup></b>	<b>2,167</b>	1,028	+111%	+108%
- Indonesia	<b>2,581</b>	1,636	+58%	+56%
- Vietnam	<b>(282)</b>	(494)	+43%	+43%
- Sri Lanka	<b>1</b>	36	-97%	-100%
- Corporate costs	<b>(133)</b>	(150)	+11%	+11%
<b>EBIT<sup>(19)</sup></b>	<b>1,055</b>	321	+229%	+218%
- Indonesia	<b>1,800</b>	1,067	+69%	+66%
- Vietnam	<b>(511)</b>	(613)	+17%	+17%
- Sri Lanka	<b>(101)</b>	18	-661%	-717%
- Corporate costs	<b>(133)</b>	(151)	+12%	+12%
<b>Total active customer base ('000)</b>	<b>45,527</b>	49,827	-9%	

Note 19: Under Post-IFRS 16 basis, EBITDA was HK\$4,328 million; EBIT was HK\$2,032 million.

HAT had an active customer accounts of approximately 45.5 million at the end of 2019, representing 9% decrease compared to last year. Indonesia and Vietnam represent 67% and 23% of the total active customer account numbers respectively.

Despite reporting a 5% full year decline in active customer accounts due to the government imposed subscriber registration requirements since May 2018, the Indonesian operation turnaround the declining trend and reported a 2% growth in active customer accounts in the second half of 2019. This was achieved through acceleration of network expansion to new areas and targeted network enhancement to improve customer satisfaction. As at 31 December 2019, the Indonesian operation had a 4G network of 24,170 base transceiver stations ("BTS") covering over 33,000 villages. The Indonesian operation reported a full year EBITDA and EBIT growth of 56% and 66% respectively in local currency, primarily reflecting revenue and margin growth from improvement of distribution structures and strategies during the year. In 2020, the operation plans to continue its network expansion rollout and network enhancement strategies, providing coverage to an additional 4,500 villages.

The Vietnamese operation reported 12% decline in active customer accounts compared to last year, reflecting the strategic churn of lower value customers during 2019. Despite reporting LBITDA and LBIT for 2019, the results represent 43% and 17% improvement respectively in local currency when compared to 2018. The operation reported solid margin growth during the year, and is expected to continue in 2020.

In Sri Lanka, the operation faced challenges in stabilising its customer base during the year following the Easter terrorist's attacks and ongoing network integration, which resulted in increased customer churn rates. Consequently, active customer accounts decreased 22% compared to 2018. Through realisation of cost synergies after the acquisition of Etisalat Lanka in late 2018 and focus on gradually completing network integration and 4G network rollout, the Sri Lankan operation reported EBITDA positive in the second half of 2019. The growth momentum is expected to continue in 2020.